



CITY OF PELLA

CITY COUNCIL OFFICIAL MINUTES

January 23, 2018

A. CALL TO ORDER BY MAYOR AND ROLL CALL

The City Council of the City of Pella, Iowa, met in special session at the Public Safety Complex meeting room at 7:00 p.m., Mayor Jim Mueller presiding. Council members present were: Mark De Jong, Tony Bokhoven, Lynn Branderhorst, Harold Van Stryland, and Bruce Schiebout. Larry Peterson entered at 7:51 p.m. City Administrator Mike Nardini and Deputy City Clerk Cynthia Vaske were present. Three staff members and seven members of the general public signed the register.

B. MAYOR'S COMMENTS

1. Announce Policy and Planning meeting following the regular Council meeting to discuss:
 - a. Potential Trail Extension Options to Vermeer Corporation
 - b. Redevelopment of the Oskaloosa Street Corridor
2. Approval of tentative agenda. Bokhoven moved to approve the tentative agenda, seconded by Van Stryland. On roll call the vote was: AYES: Bokhoven, Van Stryland, Schiebout, De Jong, Branderhorst. NAYS: None. Motion carried.
3. Announce closed session pursuant to Iowa Code Chapter 21.5 1 (c) to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation.

***PUBLIC FORUM (for anyone wishing to address Council regarding agenda items)**

No comments were received.

C. APPROVAL OF CONSENT AGENDA – None

D. *PUBLIC HEARINGS – None

E. PETITIONS & COMMUNICATIONS

1. Fiscal Year 18-19 Funding Request. Council discussed the request to hard surface 218th Ave. No formal action was taken.

F. PLANNING & ZONING ITEMS – None

G. ADMINISTRATION REPORTS – None

H. RESOLUTIONS

1. Resolution No. 5837 entitled, "A RESOLUTION IN SUPPORT OF THE PROPOSED TERMS TO BE INCLUDED IN AN AGREEMENT FOR PRIVATE DEVELOPMENT BY AND BETWEEN THE CITY OF PELLA AND HARVEST INVESTMENTS LLC". Bokhoven moved to approve, seconded by Schiebout. On roll call the vote was: AYES: Bokhoven, Schiebout, De Jong, Branderhorst, Van Stryland. NAYS: None. Motion carried.

BACKGROUND: This resolution offers the City of Pella's support and clarifies items the City intends to include in a development agreement with Harvest Investments LLC for the proposed housing cooperative development in Bos Landen. It is important to note, this resolution does not create binding obligations for the City, but rather describes potential contributions toward the project. The contributions are conditioned on the developer meeting certain conditions including having the property rezoned for its intended use, the Pella City Council approving a development agreement for the project, and the Pella City Council adopting a TIF ordinance.

The Proposed Project

The proposed project is a 39-unit housing cooperative development. The project is located in close proximity to the Bos Landen Golf Course clubhouse and abuts holes #1, #2, #17, and #18 (see enclosed map). The property is currently zoned agriculture and located within the City of Pella's corporate limits and electric and water service territories.

The proposed development will contain many amenities including high-end finishes in the individual housing units, heated underground parking, courtyard, club room, exercise facility, and pickle ball courts.

The developer estimates the construction cost of the project to be approximately \$13.5 million. This equates to approximately \$210,000 in annual property tax revenues for our community.

Housing Needs in the City of Pella

The 2015 Marion County housing assessment identified an additional 966 housing units which are needed through the year 2025 to meet our community's housing needs. This equates to roughly a 15% increase in the number of housing units currently located within our community.

Financial Request by Developer

In order to construct the project, the developer is requesting reimbursement for the cost of its public infrastructure. In considering this request, it is important to realize that the public infrastructure, when completed, would be dedicated to the City of Pella. In addition, all public infrastructure would be built according to the City's development standards. The estimated cost to install the development's streets, water mains, sanitary sewer mains, storm sewers, and electric infrastructure is approximately \$950,000, including engineering costs. As a result, the developer is requesting a tax increment finance (TIF) rebate of \$950,000 as property taxes are paid from the development. In addition, the developer is requesting to have sanitary sewer connection fees waived for the development, which equates to approximately \$99,200. Therefore, the combined total of these requests is \$1,049,200.

Requirements for Tax Increment Financing for Non-LMI Housing

According to Iowa law, TIF can be used to assist with public improvements related to housing and residential development. However, for developments which are not low and moderate income (LMI), there are specific requirements that need to be adhered to and are listed below:

- A. Any TIF revenues generated by the development can only be used to offset the cost of the public infrastructure.
- B. While Iowa law allows cities to use TIF to support housing developments without limitation on either the price of the houses or the income levels of the prospective owners, the tradeoff is a percentage of the TIF revenues must be used to support housing assistance for families with incomes no greater than 80% of the median income in the county in which the project is located. For this proposed development, the City of Pella will be required to dedicate an amount equal to 36% (the current percentage of families in Marion County considered "LMI") of the aggregate amount of TIF rebates to be provided to the developer in order to support LMI housing within our community. Based on the developer's TIF rebate request of \$950,000, this equates to approximately \$342,000 in funds which can be used for additional LMI housing projects or programs such as down payment assistance for LMI households.

Financial Analysis

In analyzing this proposed development, it is important to keep in mind that the developer is proposing to be reimbursed as property taxes are received from the development. This means if a development agreement containing these terms is ultimately approved by the City Council, the City of Pella would only pay the developer if incremental property taxes are collected from the development. Under this proposal, staff believes most of the risk of the development is transferred to the developer. Furthermore, staff believes the City of Pella can serve this development until the proposed TIF district is retired.

Staff Recommendation

Staff is recommending approval of this resolution which will provide the developer with an assurance that the City supports this project as currently contemplated. In addition, this resolution does not create binding obligations for the City, but rather describes potential contributions toward the project conditioned on the following:

- 1. Completion of all legislative processes including adopting a TIF ordinance.
- 2. The property for the project being rezoned for its intended use.
- 3. The Pella City Council approving a development agreement for the proposed project after a public hearing.

Staff also believes the proposed housing development meets the key goals of the City's Comprehensive Plan. In addition, we also believe the requirement to set aside funding for LMI families will be a benefit for our community.

ATTACHMENTS: Resolution, Proposed Housing Development Map, Concept Design
REPORT PREPARED BY: City Administration
REPORT REVIEWED BY: CITY ADMINISTRATOR
CITY CLERK
RECOMMENDED ACTION: Approve resolution

I. ORDINANCES – None

I. CLAIMS – None

K. OTHER BUSINESS / *PUBLIC FORUM (any additional comments from the Public)

No comments were received.

L. CLOSED SESSION

- 1. At 7:28 p.m., Schiebout moved to enter into closed session pursuant to Iowa Code Chapter 21.5 1 (c) to discuss strategy with counsel in matters that are presently in litigation or where litigation is imminent where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation, seconded by Van Stryland. On roll call the vote was: AYES: Schiebout, Van Stryland, De Jong, Bokhoven, Branderhorst. NAYS: None. Motion carried. At 7:56 p.m., Bokhoven moved to reconvene to regular session, seconded by De Jong. On roll call the vote was: AYES: Bokhoven, De Jong, Branderhorst, Van Stryland, Schiebout. NAYS: None. ABSTAIN: Peterson. Motion carried. No action was taken regarding this closed session.

M. ADJOURNMENT

There being no further business claiming their attention, Bokhoven moved to adjourn, seconded by Schiebout. On roll call the vote was: AYES: Bokhoven, Schiebout, Peterson, De Jong, Branderhorst, Van Stryland. NAYS: None. Motion carried. Meeting adjourned at 7:58 p.m.